

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

v.

NICHOLAS B. BLASE and
STEVEN WEINER

CASE NUMBER:

UNDER SEAL

I, the undersigned complainant, being duly sworn state the following is true and correct to the best of my knowledge and belief. From at least in or about 1989 through the present, at Niles and elsewhere in the Northern District of Illinois, defendants devised, intended to devise and participated in a scheme to defraud the Village of Niles of money, property, and the intangible right to the honest services of defendant BLASE, by means of materially false and fraudulent pretenses, representations, promises and material omissions, and in furtherance thereof, caused the United States mail to be used on or about December 16, 2005, in violation of Title 18, United States Code, Sections 1341, 1346 and 2.

I further state that I am a Special Agent, Federal Bureau of Investigation and that this complaint is based on the following facts:

See attached affidavit.Continued on the attached sheet and made a part hereof: X Yes ____ No_____
Signature of Complainant

Sworn to before me and subscribed in my presence,

June 7, 2006
Date

at

Chicago, Illinois
City and StateMichael T. Mason, United States Magistrate Judge
Name & Title of Judicial Officer_____
Signature of Judicial Officer

AFFIDAVIT

I, Ralph Renno, being duly sworn, depose and state:

1. I have been a Special Agent (SA) with the Federal Bureau of Investigation (FBI) for over 14 years, having been assigned to the Miami Division for 9 years and the Chicago Division for the last 5 years. In connection with my official duties, I have received training in and have investigated federal criminal violations. Since 1996, I have been assigned to Public Corruption squads in both Miami and Chicago and have investigated corruption by public officials.

2. This affidavit is submitted to support a criminal complaint charging NICHOLAS B. BLASE and STEVEN WEINER with violating Title 18, United States Code, Sections 1341, 1346 and 2. The complaint charges that from at least in or about 1989 through the present, BLASE, WEINER and others devised, intended to devise and participated in a scheme to defraud the Village of Niles of money, property, and the intangible right to the honest services of defendant BLASE, by means of materially false and fraudulent pretenses, representations, promises and material omissions, and in furtherance thereof, caused the United States mail to be used on or about December 16, 2005.

3. I am familiar with the facts and information contained in this affidavit from my own personal observations, witness interviews, surveillance, review of consensually recorded conversations, analysis and review of documents and records, and discussions with other FBI Special Agents involved in this investigation. Because this affidavit is submitted solely for the purpose of establishing probable cause, the information contained herein is described in summary form and is not every fact known to law enforcement regarding this investigation. This affidavit summarizes information obtained from witnesses concerning conduct over a period of years; it does

not refer to all information provided by the witnesses described below, nor does it refer to every witness who has provided information to the investigation. Statements from recorded conversations do not include all statements or topics covered during the course of the recorded conversations, and are not taken from a final transcript.

Summary

4. The following are persons identified in this affidavit:

Nicholas Blase: Nicholas Blase has been the Mayor of the Village of Niles, Illinois, since 1961, and, according to the records of the Illinois Attorney Registration and Disciplinary Commission, is an attorney with the law offices of Nicholas B. Blase, Ltd. (Blase Law Offices).

Ralph Weiner: Ralph Weiner was the license holder and owner of an insurance agency called Ralph Weiner and Associates (RWA), which represents a number of businesses located in and around Niles, Illinois. Weiner also was the license holder for a corporation known as S.M.P. Insurance Service Inc. (SMP), which purports to be an insurance agency. Ralph Weiner died on or about April 5, 2005. According to the Illinois Department of Insurance, the current license holders for RWA are Ralph Weiner's sons, Gary and Steve Weiner.

Steve Weiner: Steve Weiner is one of the current owners of RWA and runs the day-to-day operations of RWA.

5. Based on my review of documents, tape recordings, reports of interviews, and personal observations, I believe probable cause exists to believe that Nicholas Blase has used his official position as Mayor of Niles to influence business owners in the Village of Niles to purchase insurance through RWA. In turn, Weiner and RWA have paid bribes and kickbacks to Blase by

sharing a percentage of the premium payments and service fees collected from Niles business owners who are RWA clients. To disguise the fact that the payments are bribes and kickbacks, they are made in the form of checks drawn on the RWA account and made payable to SMP, which purports to be an insurance agency operated by an individual herein identified as Cooperating Witness #3 ("CW3"), who is an employee of the Blase Law Offices performing work relating to personal-injury claims. The checks purport to be "shared commissions" paid to a producing sub-broker, when, in fact, SMP is a shell corporation. CW3 receives and uses the money deposited into the SMP account as compensation for the work which he/she performs for the Blase Law Offices.

6. At all times material to this Affidavit, the Village of Niles was a unit of local government known as a political subdivision of the State of Illinois. The Village of Niles provided city services to its citizens. By virtue of his position, the Mayor owed a fiduciary duty and a duty of honest services to the citizens of the Village of Niles in the performance of his official duties. Pursuant to the laws of the State of Illinois, including but not limited to 720 ILCS 5/33-1 and 5/33-3, the Mayor, as a person holding public office, was precluded from taking or receiving, or offering to take or receive, either directly or indirectly, any money or other thing of value as a gift, bribe or means of influencing his official acts.

Cooperating Witness #1

7. On or about June 20, 2003, a then-current employee of RWA (hereinafter CW1) agreed to provide information to and cooperate with the FBI in this investigation. Until in or about January 2006, CW1 was employed at RWA for approximately ten years as a commercial claims representative and processor. Based on conversations with customers of RWA and with fellow RWA employees, CW1 learned that, throughout his/her periods of employment at RWA, Mayor

Blase placed phone calls to the owners of businesses in Niles and instructed the owners of these businesses to use RWA for their insurance needs. CW1 further related that Ralph Weiner often had either breakfast or lunch with Mayor Blase, and usually before these meetings Weiner would ask RWA employees if there were any RWA business issues which he should bring to the attention of Mayor Blase.

8. During his/her periods of employment with RWA, CW1, as part of his/her authorized duties and responsibilities, utilized the insurance policy billing software used by RWA. CW1 related that the software shows, among other things, a record of commissions, including any split or division of commissions between RWA and any other brokers or sub-brokers receiving commissions for particular pieces of insurance business written by or brokered through RWA.

9. Based on CW1's experience with using the billing software and conversations with other RWA employees, CW1 related that all insurance commission fees received by RWA from businesses located in Niles must be "split" between RWA and an entity CW1 knew as "SMP." CW1 described SMP as "Mayor Blase's insurance company," and stated that it is common knowledge and a topic of regular conversation at RWA that Mayor Blase, through SMP, collects a portion of the commissions from insurance policies sold or written by or through RWA for businesses in Niles. CW1 stated that RWA's computer system is set up in such a manner that when any Niles business insurance account is entered into the computer system records, it must be listed and identified as an SMP account so that commission fees can be accurately tracked and accounted for between RWA and SMP, and so that SMP receives appropriate commission credit on RWA's books and records. CW1 further stated that he/she learned from other RWA employees that the commission split between RWA and SMP has been occurring since at least 1989.

The 4:00 a.m. Liquor License and Blase's "Emergency" Meeting

10. CW1 identified a former employee of RWA as the producer for all SMP business, an individual who later agreed to cooperate with the FBI and thus is identified herein as CW2. CW1 related that in or about June 2003 (before CW2 was cooperating with law enforcement), CW2 told CW1 that he/she thought RWA had a good chance of obtaining the insurance business of a restaurant herein identified as "Niles Customer A," because the restaurant was attempting to obtain a 4:00 a.m. liquor license from the Village of Niles. CW1 understood CW2's statement to mean that the license or application would be held up if Niles Customer A did not switch its insurance coverage to RWA. CW2 told CW1 that he/she would have Mayor Blase call the owner. CW1 advised that he/she has argued with CW2 regarding Niles Customer A, in that CW1 did not believe this restaurant should be listed as an SMP account. CW2 responded by stating words to the effect of all accounts in the Village of Niles must be listed as SMP accounts.

11. On or about June 26, 2003, a Special Agent from the FBI interviewed the owner of Niles Customer A regarding the restaurant and its dealings with RWA. During this interview, the agent asked the owner if anybody had ever called and told him/her to use RWA as the insurance carrier for Niles Customer A. The owner responded that he/she had not received such a telephone call, but that CW2 had recently called to discuss an upcoming insurance proposal.

12. On or about July 29, 2003, CW1 participated in a consensually recorded conversation with CW2 regarding Niles Customer A, in which the following was discussed¹:

CW2: I got to call about the Mayor 'cause I want him to call over there and

¹ References to this and other recorded conversations are based on my review of preliminary draft transcripts.

see if there is anything he can do. Put \$2,000 on it.²

Approximately twenty minutes later, CW1 had another consensually recorded conversation with CW2:

CW2: I called the Mayor –

CW1: Oh, you did?

CW2: – and he’s going to call over there, or have somebody go over there before we go over there, and just, you know, it might help. It might help.

Later that same day, CW1 and CW2 made an insurance presentation to the owner of Niles Customer A. This presentation was recorded and all participants agreed to meet again the next day.

13. On or about July 30, 2003, CW1 participated in another consensually recorded conversation with CW2 and others, during which the following was stated:

CW2: We have a problem.

CW1: What happened.

CW2: Blase wants to see Ralph and I this afternoon –

CW1: Why?

CW2: He won’t say over the phone, he says it’s important. So what, we’ll, I’m just waiting for Ralph to give me a time. I’m gonna meet him there, and then I figure you’re just gonna have to drive to [Niles Customer A].

14. After the above-described conversation, the FBI conducted surveillance at the law offices of Nicholas B. Blase, Ltd., 8074 North Milwaukee Avenue, Niles, Illinois. At about 1:40 p.m. on or about July 30, 2003, two vehicles, one known to be utilized by CW2 and the other

² According to CW2, he/she was telling CW1 to include a \$2,000 service fee on the invoice to be submitted to Niles Customer A.

by Ralph Weiner, were observed parked in the lot outside the Blase law offices. Also observed in the parking lot was a Ford SUV known to be registered to Mayor Blase. At approximately 2:00 p.m., both Ralph Weiner and CW2 were observed standing outside Blase's law offices. Approximately two minutes later, CW2 left the law office in his/her vehicle, and traveled alone directly to Niles Customer A.

15. CW1 later spoke to CW2 regarding CW2's meeting with Mayor Blase. According to CW1, CW2 related that Blase had called an "emergency" meeting. CW2 told CW1 that Mayor Blase did not wish to speak on the telephone about the matter. CW2 told CW1 that Mayor Blase had told Ralph Weiner and CW2 during the meeting that "someone" had called the owner of Niles Customer A and inquired about the restaurant and its insurance business with RWA. (This contact is consistent with the previous visit to Niles Customer A by the FBI on or about June 26, 2003.) Because of this, CW2 removed a \$2,000 service fee from the cost of the proposed insurance package for Niles Customer A. This was unprecedented, as CW2 had never previously removed a service fee from a client's insurance package.

16. CW1 further related that on or about July 31, 2003, CW2 told CW1 said "they" were no longer going to mention the favors Mayor Blase provides for RWA clients during insurance proposals to clients, and that only Mayor Blase was to mention the favors during the calls he places to RWA clients and potential clients.

Cooperating Witness #2

17. On or about October 25, 2004, Special Agents with the FBI interviewed CW2, who

agreed to provide information to and cooperate with the FBI in this investigation.³ CW2 was a “producer” for RWA from about 1996 to the end of 2004. As a “producer,” CW2 dealt with clients of RWA, brokering insurance policies.

18. According to CW2, RWA owner Ralph Weiner paid Village of Niles Mayor Nicholas Blase for "favors" over the past few years. When asked to expand on what "favors" meant, CW2 stated Mayor Blase would help RWA clients in obtaining licenses and help them with problems they may have with the Village. In return, Ralph Weiner paid Mayor Blase commission money through a company known as SMP. CW2 stated he/she is aware of SMP due to over eight years of employment at RWA as a "producer."

19. CW2 stated that one of the reasons new businesses obtained insurance from RWA is because CW2, Ralph Weiner, and/or Mayor Blase told the business owners that having insurance coverage through RWA allows for "access" to Mayor Blase if the business has "problems." "Problems" were described by CW2 to mean problems with liquor licenses, or zoning and building matters.

Niles Customer B

20. On or about October 26, 2004, CW2 related to law enforcement that for about a week (including a few days before CW2 was approached by the FBI), the owner of a tavern herein identified as “Niles Customer B” had been calling CW2. The owner was upset because he/she received numerous citations from the Village of Niles regarding fights at his/her tavern. CW2 advised that since Niles Customer B is a customer of RWA, CW2 had called Mayor Blase to inform

³ No promises were made by the government to CW2 concerning potential criminal liability in this investigation, beyond consideration of his/her cooperation.

him that the owner of Niles Customer B was upset. In an unrecorded conversation, Mayor Blase told CW2 to tell the owner not to worry about an October 28, 2004, hearing on this matter before the Village of Niles, stating that he would make sure the owner only got "a slap on the hand." CW2 stated he/she has, on a number of occasions, told Mayor Blase that Niles Customer B is "an SMP account," which CW2 stated means an account which results in commission payments to "Mayor Blase's company," SMP.

21. On or about October 28, 2004, CW2 consensually recorded a telephone conversation with Mayor Blase. Having spoken face-to-face and by telephone with Mayor Blase numerous times over recent years, CW2 was able to recognize the voice of Mayor Blase. During the conversation, CW2 stated that the owner of Niles Customer B was still worried about the upcoming hearing before the Mayor. Mayor Blase responded:

Blase: Just tell [him/her] and reassure [him/her], no [he/she] doesn't need an attorney, just show up and ah, and listen to the Mayor.

Mayor Blase laughed about the situation and told CW2 to calm the owner down. At the end of this conversation, CW2 told Mayor Blase that RWA had been successful in renewing the insurance for another Niles-based restaurant. Mayor Blase replied that was "very good" and he thanked CW2.

22. Approximately 30 minutes after the above-described conversation, CW2 consensually recorded a face to face meeting with the owner of Niles Customer B. During this meeting, the owner acknowledged his/her understanding that Mayor Blase took care of "problems" with the Village of Niles because the owner had purchased insurance through RWA. Consistent with the instructions from Mayor Blase, CW2 told the owner not to worry about the October 28, 2004 hearing.

23. A day or two after the October 28, 2004 hearing, the owner of Niles Customer B

called CW2 and, in an unrecorded conversation, stated words to the effect that everything went fine with Mayor Blase, and the owner thanked CW2 for his/her help.

Niles Customer C

24. Beyond “favors,” CW2 related that RWA clients have described to CW2 certain conversations with Mayor Blase wherein they felt pressure to purchase insurance from RWA. For example, CW2 related a conversation which occurred in or about 1997 with the owner of a liquor store in Niles, herein described as “Niles Customer C.” The owner told CW2 that he/she did not like being “intimidated.” When CW2 asked him/her to explain this comment, the owner explained that Mayor Blase had contacted him/her and told him/her that if the Village were to even consider the business’ application for a liquor license, he/she would have to purchase insurance through RWA.

Niles Customer D

25. On or about November 16, 2004, CW2 consensually recorded a telephone conversation with another RWA customer, herein identified as “Niles Customer D.” This customer operates a business on Milwaukee Avenue in the Village of Niles. During the conversation, CW2 asked the owner how he/she came to use RWA in the first place:

CW2: Hey, I’m looking at your account, I’ve handled your account for like three or four renewals.

Owner: Um, hmm.

CW2: How did you ever come to our office?

Owner: How did I come to your office?

CW2: Yeah.

Owner: It’s a known thing up here in Niles you have to be with Weiner, that’s

how it's -- I tried changing, I tried changing -- I got a phone call from the Mayor of Niles.

CW2: No.

Owner: Yes, oh yes.

CW2: Oh.

Owner: I tried changing insurance.

Later the owner stated:

Owner: And that's just the way it went. But anyway, it, it's just been Ralph Weiner since the day I've worked here. For as long as I known. And I've tried to quit, I tried to change, I'm figuring, well they're moving out of town, maybe I can get out of this. But actually I think it was before that. I had a phone call from Nick [Blase]. He says I understand you're trying to change insurance companies. I said, yeah. I go, my premiums are too high, I need to go elsewhere, I can't afford this. I said, this is not, and I told you the same thing, it's not, Dad and [a second identified individual] had other avenues of money, this is it, this is my bread and butter.

CW2: Ah hum.

Owner: [An identified individual's] bread, all of us, this is our, our livelihood I don't have anything anywhere else, I don't have land like our father had, and making shitloads of money.

CW2: Yeah.

Owner: Um, so I got a rate from my guy who insures my house and everything --

CW2: Ah hum, ah hum.

Owner: -- sent the letter over to them,⁴ got a phone call not a week later, and it was Nick Blase on the phone, -- this is Nick, yeah hi how are you,

⁴ Based on my review of this recording, I believe the owner was describing the mailing of a letter to RWA notifying them that he/she was discontinuing insurance coverage with RWA.

blah, blah, I mean I went to school with his kids. He goes, I understand you're trying to a change insurance, I said yeah, you know it's a little high. He said well you do understand you have a temporary warehouse, meaning this and, first the warehouse was to show them where the pool tables are, then the temporary warehouse became this, then I had my trailers.

CW2: Ah hum.

Owner: You know you understand you have all these temporary things in your, on your property. I understand, I won't switch. So that's why I'm still with you guys, . . .

Receipt of Leads from Mayor Blase's Office

26. According to CW2, RWA has obtained new business leads from Mayor Blase, and these leads usually are new businesses which were obtaining or had obtained licenses from the Village of Niles. On or about November 19, 2004, CW2 consensually recorded a telephone conversation with Mayor Blase. Because the recording device was on the body of CW2, and because he/she was following Mayor Blase's instructions not to utilize the speaker phone function during calls, the recording contains only the voice of CW2. In the conversation with Mayor Blase, CW2 requested a list of new Niles businesses, and added that these businesses would be solicited for their insurance.

27. On or about November 24, 2004, CW2 received an original envelope, with a United States Postal Service postmark of November 22, 2004. The envelope had a return address of Nicholas B. Blase LTD., Attorney At Law, 8074 Milwaukee Avenue, Niles, Illinois 60714. Contained inside this letter was a computer generated list of over 70 new businesses in Niles, Illinois. CW2 identified handwriting on the top of the enclosed list as that of Mayor Blase, which was based on CW2's familiarity over the years with writings he/she has seen by Mayor Blase.

Payments to SMP

28. CW2 described SMP as "Mayor Blase's insurance company." CW2 related that an individual known to CW2 and herein identified as Cooperating Witness #3 (as described further below, CW3 agreed to cooperate with law enforcement in or about October 2005) is involved with SMP, but that CW3 knows nothing about the insurance business. According to CW2, SMP receives at least 20% of all commissions earned from Niles-based insurance customers of RWA. These commissions are paid monthly with a RWA corporate check. CW2 related that he/she has seen at least one of the issued checks, as well as records on RWA's computer system regarding Niles-based businesses. Further, CW2 related that Ralph Weiner himself made statements about the checks to CW2, and that CW2 has had conversations with other RWA employees concerning the checks. According to CW2, nearly every employee of RWA used the term "SMP" interchangeably with the name "Mayor Blase" in conversations.

29. CW2 expressed remorse for not coming to authorities beforehand and stated, "I felt like I was putting a gun to somebody's head." When asked to explain this comment, CW2 advised he/she did not like pressuring Niles business owners into using RWA, and likened the pressure to putting a gun to the owner's head. The pressure, according to CW2, was that the business owners had no choice other than to use RWA if they wanted to operate in Niles. CW2 rhetorically asked what choice did any business owner have if the Mayor of Niles was calling them and saying that they should use RWA.

Cooperating Witness #3

30. On or about October 14, 2005, Special Agents with the FBI interviewed CW3, who

agreed to provide information and cooperate with the FBI in this investigation.⁵ CW3 related that he/she began working for the law firm of Nicholas Blase in or about 1995. At that time, an individual herein referred to as “Individual A,” a then-current employee of the Blase Law Offices had arranged a meeting with CW3 and Mayor Blase. At this meeting, Individual A told CW3 that the job entailed contacting insurance companies on behalf of personal injury clients. CW3 was to provide copies of medical bills and other information to the insurance company and then attempt to negotiate a settlement. If unsuccessful, the matter usually was referred to another attorney, who then would file a lawsuit. At this meeting, Mayor Blase told CW3 that he (Blase) would pay CW3 directly. After talking with Mayor Blase and Individual A, CW3 agreed to take the job.

31. According to CW3, the law firm paid his/her salary at first. About one year into working for the law firm, CW3 had a meeting with Mayor Blase and Individual A. At this meeting, Mayor Blase told CW3 that Individual A was going to retire. Mayor Blase told CW3 that he/she would take over Individual A’s “insurance company.” CW3 was surprised to hear this, considering he/she knew Individual A for many years and never knew him to be an insurance agent. Mayor Blase told CW3 that the name of the “insurance company” was SMP and that CW3 was to become its President. Mayor Blase explained to CW3 that Ralph Weiner, whose name CW3 had never heard before, was the “agent of record” and Secretary of SMP.

32. Mayor Blase described SMP to CW3 as an “agency within an agency.” When CW3 asked him to clarify, Blase said that SMP was an agency within Weiner’s insurance agency. Blase stated that all the money that went to SMP came from Weiner Insurance and was based on policies

⁵ No promises were made by the government to CW3 concerning potential criminal liability in this investigation, beyond consideration of his/her cooperation.

sold to Niles-based businesses. Blase explained that CW3 could keep all of the SMP money and that if it did not reach a set amount (about \$40,000 at first), the Mayor would make up the difference. Blase told CW3 that it was CW3's responsibility to handle the payment of taxes on the SMP money.

33. After this first meeting, CW3 understood that he/she did not need to perform any insurance work for Weiner, and that his/her job continued to be handling personal injury claims for the Blase Law Offices. That is what CW3 has continued to do for the last ten years. CW3 related that he/she continued performing the same personal injury work, but stopped receiving regular salary payments from the law firm. Instead, CW3 just received money through SMP. Since 1995, CW3 recalls only a few years when things were slow and the Mayor needed to make up the difference.

34. According to CW3, after Ralph Weiner passed away in or about April 2005, Steve Weiner began visiting the law firm to deliver the SMP checks. Whereas CW3 was not present for most meetings between Ralph Weiner and Mayor Blase, CW3 has attended meetings between Steve Weiner and Mayor Blase. At these meetings, Steve Weiner delivers the monthly SMP check. The checks come with a "Commission Statement," which lists the Niles businesses with whom Weiner Insurance was doing business, the type of policy written for each business and the amount of money which Weiner Insurance was paying to Mayor Blase/SMP for each policy.

35. CW3 recorded meetings between Steve Weiner, Blase and CW3 on October 20, 2005, November 22, 2005, January 23, 2006, and, during each of these meetings, Weiner delivered a SMP check and Commission Statement. In or around December 2005, CW3 received an envelope in the mail with the return address of RWA and a postmark of December 16, 2005, at his/her home address, which contained another SMP check. Additionally, in or around February 2006, CW3 received an envelope in the mail with the return address of RWA and a postmark of February 23,

2006, at his/her home address, which contained another SMP check.

36. CW3 further related that Steve Weiner usually talks with the Mayor about particular Niles businesses at their monthly meeting. For example, on or about October 20, 2005, CW3 recorded a meeting between Mayor Blase, Steve Weiner and CW3 during which Steve Weiner discussed having lost a portion of the insurance business for a Niles-based store. Weiner complained that this business kept some coverage with Weiner, but moved their largest policy to another insurance agency. After Blase asked what was the owner's "problem," the following conversation took place:

Weiner: Yeah, you know he said to me one time that he didn't like the way you [Blase] pressured him, and that, ah, I said, what did he ever, I said, I said, the, ah, you know – I'm sure pressure was on my behalf – so I was like, what, what are you talking about –

Blase: (UI) the only pressure we had, I think we had [an identified individual herein as "Individual B"]⁶ call him

Weiner: Right, exactly, exactly so I don't know –

CW3: Oh was that the one where [Individual B].

Blase: [Individual B] does his --

CW3: – his corporate stuff.

SMP and Individual C

37. According to CW3, prior to agreeing to cooperate with law enforcement, CW3 had discussed with Mayor Blase reducing his/her workload at the law firm to one day a week. Mayor Blase indicated that, because of this, CW3 would no longer receive the full amount of the SMP payments, and that CW3 was to share a portion of the SMP payments with a relative of the Mayor,

⁶ According to CW3, Individual B is the law partner of Mayor Blase.

herein referred to as “Individual C.” According to CW3, Individual C is an attorney who works at the offices of the law firm and also handles personal injury claims for Mayor Blase. On October 20, 2005, CW3 recorded a conversation with Mayor Blase regarding what steps were necessary to change the corporate books of SMP. The following conversation also took place:

CW3: But I, no, I wanted, I wanted you to be aware of what so that it’s not going to be sprung on you at the last minute. It uh, because you indicated that if, if you know when I was leaving at the time we had no specific date but you indicated at the time I left that stuff [the SMP payments] would be turned over to [Individual C].

Blase: Well assuming that I’m still Mayor and stuff, but I mean I hate to just see it [the SMP payments] go down the drain.

38. According to CW3, he reduced his work at the Blase Law Firm to one day a week starting in January 2006. On or about January 23, 2006, CW3 recorded a meeting with Blase following their meeting with Steve Weiner and Weiner’s delivery of another SMP check. CW3 asked Blase for advice as to how to share the SMP money with [Individual C]:

CW3: Now how do you want me to work this check?

Blase: With who?

CW3: This check.

Blase: Well, you’re gonna split with [Individual C], right?

CW3: Well that’s what I’m asking you, how you want me to do it.

Blase: Could you make out a check to him for half to – the check.

CW3: And how are we gonna show that on income tax? That’s my concern.

Blase: You’re only gonna show what you got.

CW3: Yeah but how do you account for the other half then? How, how’s the other half count?

Blase: Well he's gonna have to show then he got, what, what the question technically what does he, whether we want, what're you doing?

CW3: No.

Blase: Whether you want to um, um have uh, Weiners give you two checks which I prefer not doing. What you could do it one month you keep the check and the next month you give him [Individual C] the check and at the end of the year you try to balance it off, something like that.

CW3: Okay. We can try something like that. See if it works.

Blase: See how that works.

CW3: See if that's any easier.

Blase: Yeah.

CW3: Alright.

Blase: So like if you get a check for \$4,000, then the next month you get a check for \$2,000, you give the \$2,000 check.

CW3: Uh hum

Blase: If the following month is \$2,000 you give back \$2,000 and just –

CW3: Okay.

Blase: So that you don't have to show anything more in your account.

CW3: Okay. I'm trying to figure out how to keep it at somewhat of a reasonable amount per month that I can take home rather than taking some home one month and then nothing the next month. That's what I'm trying to avoid. Understand?

39. Beyond CW3's expressions of concern over Blase's original idea of CW3 being given the check one month and Individual C being given it the next month, CW3 also noted that the check is made payable to SMP, not CW3. Blase then directed CW3 to continue receiving the checks and simply provide a portion to Individual C:

Blase: So yeah, so you're gonna be giving him [Individual C] money like he's doing some investigation for you or something like that. I mean if there's ever an explanation, he's helping you with the business, that's why you're giving him half the money.

CW3: Okay. But it's, will they, will they be able to show it on a 1099 or what, what do they show because all that's shown is that I'm giving this money, period.

40. Since this January 23, 2006, discussion with Mayor Blase, CW3, on at least four occasions, has written a separate check on the SMP account to Individual C representing a portion of the monthly SMP checks. On or about May 11, 2006, CW3 recorded a conversation with Mayor Blase and Individual C. CW3 provided a check to Individual C, representing approximately half of a check received from Weiner. Individual C stated that he has been depositing the checks into his personal account. Individual C, Blase and CW3 then discussed how the monies would be reported:

Individual C: We're both going to get 1099's and pay our own taxes, right.

CW3: And how are you going to show this as, what are you going to show this as? You can't show it as income.

Blase: Why not?

CW3: What's he going to show it as income from?

Blase: From insurance. What, what's the problem?

CW3: No, I just don't want any problems. That's what I'm concerned with.

Blase: There's no problem. You get, you're showing it from insurance and he's going to show it from –

CW3: That's right, but I showed it for, for this was my job. I mean this was the thing I was doing, period. But he's not involved in it in any way. He's not involved in insurance in any way.

Blase: Well, he's involved in the sense you can give him half of your commission, half of whatever you want to give him. You can give him money from your income as long as he pays taxes on it.

41. According to and just like CW3, Individual C has no involvement with insurance, and simply performs personal injury work for Mayor Blase.

CW3's Conversation with Individual A

42. On or about January 12, 2006, at the direction of law enforcement, CW3 had a recorded telephone conversation with Individual A, the former employee of Blase Law Offices and former President of SMP. According to CW3, prior to this conversation, he/she informed Individual A that he/she was planning to reduce his/her work at the Blase law firm to one day a week and Individual A told CW3 to be "careful." On January 12, 2006, the following conversation took place:

CW3: . . . my main concern was that you know going to this one day a week thing and you told me to be careful.

Individual A: Yeah.

CW3: That's something I should be careful of and I just uh was thinking about that and trying to see what I should be doing and what I should be careful of.

Individual A: The only thing that uh you know there was a guy named, do they still have the Bugle⁷?

CW3: Yeah.

Individual A: There was guy named [an identified reporter] and uh a couple times you know when I was there.

CW3: Yeah.

Individual A: He brought up this uh relationship with uh with the insurance.

CW3: Yeah.

Individual A: Well he made ref, a couple of references to that in the paper and uh my only

⁷ According to CW3, this is a reference to a local newspaper in Niles.

thought was that he, he, he's the only thing that bothered me.

CW3: Yeah.

Individual A: He's the only thing that bothered me about this whole situation, the way it was set up.

* * *

So anyway, my only concern and it bothers me all the times that I was there was about uh [identified reporter] finding out something that might you know put in the paper, you know what I mean?

CW3: Right.

Individual A: And it might entail some kind of investigation and that was the only thing that bothered me.

CW3: Right.

Individual A: About the whole situation and outside of that, there, you know and Nick was entitled to uh, uh, uh to have uh, uh, uh insurance and stuff like that uh, uh, provided it was something say a member of the family or a thing like that but to use it as income for uh you know somebody else it could have been a problem.

CW3: Right.

Individual A: And that was the only thing that with now that Steve is on his damn thing I'm just concerned that he might, he might put too much pressure on somebody and somebody you know go to the newspapers or call and you know that's the only thing that bothers me.

43. In the same conversation, Individual A described the origin and purpose of SMP:

CW3: So and I, what, what was your understanding of it when you were there?

Individual A: Well my understanding was just that it was part of my compensation for working for Nick.

* * *

Individual A: Now that's, that's what [an identified attorney] did to me. He formed a corporation and put me under the corporation as part of the ownership of the

insurance company.

CW3: Right.

Individual A: And uh of course again uh if this went to a legal thing uh you know and then I would have to testify you know at a, at a trial uh say, say they brought charges against Nick or something like that and they call me in to testify you know, you have a corporation, what kind of work did you do, you know I'd have to lie do you know what I mean? 'Cause I did nothing. I did absolutely nothing.

CW3: No I mean the same as myself. I'm not involved with, with the, the, uh procurement of, of insurance of anything. My job is there to, to work for, for you know at the time my job were there to work for Nick and do the PI work now my job is there to work for [Individual C], that's my job.

Individual A: Yeah that was the only, that was the only, that's why I said you know if you're not there at all you know what I mean?

CW3: Yes.

Individual A: Uh and you're called in it might be a problem. That, that's the only thing I'd, see you asked me about it, that's the only thing I, that's the only concern that I would've had.

SMP Insurance Service, Inc.

44. Records from the Illinois Secretary of State, Division of Corporations, and public source records, reveal that S.M.P. Insurance Service, Inc., was incorporated on September 24, 1974, in Illinois.

SMP Bank Records

45. I have reviewed bank account records for SMP covering the period April 30, 1997, through April 30, 2003, including monthly statements, deposited items, checks for more than \$1,000, and signature cards. These records revealed that a corporate account, number 8501212698, was opened at Harris Bank on April 30, 1997, in the name of SMP Corporation, 426 Country Lane, Crystal Lake, Illinois 60012. The signature card lists CW3 as President.

46. Between April 30, 1997, and April 30, 2003, a total of \$482,821.14 was deposited to this account. Of this amount, \$281,039.19 (or 58%) of the deposited funds came from RWA, most with a memo notation relating to "commissions." An additional \$34,422.30 (or 7%) was deposited from Mayor Blase and/or Nicholas Blase Ltd.

Illinois Insurance Code

47. Section 500-80 of the Illinois Insurance Code provides that an "insurance producer may not pay a commission, service fee, brokerage, or other valuable consideration to a person for selling, soliciting, or negotiating insurance in this State if that person is required to be licenced under this Article and is not so licensed at the time of selling, soliciting, or negotiating the insurance." 215 ILCS 5/500-80. Further, section 500-15(a) provides that a "person may not sell, solicit, or negotiate insurance in this State for any class or classes of insurance unless the person is licensed for that line of authority in accordance with this Article." 215 ILCS 5/500-15.

48. Neither CW3 nor Individual C holds a license to act as an insurance producer in the State of Illinois.

Search of Ralph Weiner and Associates

49. According to CW1 and CW2, when favors were performed by Blase for a RWA client, RWA employees would try to make notes of it in the customer's file. CW2 related that the reason this was done was so that RWA producers could remind the client about the favor when it was time to renew the policies they purchased through RWA. On June 6, 2006, law enforcement agents executed a search warrant at the offices of RWA. Among other documents recovered were the following:

Niles Customer A

- a. A handwritten note naming Niles Customer A, and stating words to the effect of “will give us the chance to get back the account. It renews 8-1-03 (Helped in Getting 4:00 a.m. Liquor License).”
- b. In a file marked with the name of Niles Customer A was a copy of the business card of the FBI Special Agent who interviewed the owner of Niles Customer A on June 26, 2003, prior to Mayor Blase’s “emergency” meeting, as described in paragraphs 9 through 15 of this Affidavit.

Niles Customer D

- c. A handwritten note dated “5/28” marked with the name of a restaurant herein identified as “Niles Customer D.” The note states words to the effect of “told me to bind coverage and then called 10 minutes later to tell me not to bind since he was getting other quotes.” In what appears to be separate handwriting, a second note has the date “5/29” and says “Blase to call.”

Niles Customer E

- d. A typewritten memorandum, dated December 13, 2000, titled “Reminder to Ralph,” which has a “RE” line identifying the owner of a Niles-based business herein identified as “Niles Customer E.” The note states “[The owner] had a problem with the Fire Inspector and was ticketed for something. Mayor Blase had to go to the Chief of the Fire Department.” Also, there is a handwritten note which states “ask Mayor what were problems & have they been straightened out.”
- e. In the same file, there is a handwritten note dated “12/13,” which states “note

failed fire inspection,” and “Mayor had [illegible] intervene.”

Niles Customer F

- f. A handwritten note which identifies a Niles-based business herein identified as “Niles Customer F,” which states among other things: “Call Nick Blase. Zoning change – reduce residential lot.”

Niles Customer G

- g. A copy of an e-mail from Steve Weiner to a RWA employee, which states that “Nick Blase referred a restaurant owner to us: [The owner of a restaurant referred to herein as Niles Customer G and telephone numbers] please call him Monday and say Nick asked you to call.”

Niles Customer H

- h. A copy of letter dated June 24, 2004, from Ralph Weiner addressed to a Niles-based restaurant identified herein as “Niles Customer H.” The letter states among other things that “I was sorry to hear that you went elsewhere for your insurance after all the years that we’ve serviced your business insurance.” The second page of the letter states “Bcc: Mayor Nick Blase.” The letter was contained in an envelope addressed to Ralph Weiner with the return address of Nicholas B. Blase, Ltd., Attorney-at-Law, 8074 Milwaukee Avenue, Niles, Illinois, 60714, and post-marked July 2, 2004. The copy in the envelope contained a handwritten note, stating “Ralph, he said talk to him again in 2005 NB”

Niles Customer I

- i. A letter from Ralph Weiner to the owner of a Niles restaurant identified herein as “Niles Customer I.” The letter states in part that “I am very sorry that we were unable to provide your Employment Related Liability . . .” The letter continues “We feel that if you go to Mayor Blase he may be in a position to help you complete your application appropriately to get a quotation.”

Niles Customer J

- j. A note identifying the owner of a strip mall in Niles, herein identified as Niles Customer J. The typewritten portion states in part:

He’s having a problem with the patrons of the restaurant parking in the his lot. Requested Tow Zone Sign from Village ([an identified individual]) but has been able to get this done yet. Requested our assistance.

Below the typewritten portion is a handwritten note, marked “8/25 Spoke w/ [the owner] . . . Very happy w/ our help on no parking to restaurant patrons signs w. Village.”

Niles Customer K

- k. A copy of an e-mail dated May 27, 2004, to Ralph Weiner from a former RWA employee. The subject line reads “Nick Blase,” and the e-mail states “he would like you to call him back before 5:00 p.m.” Beneath this e-mail text are handwritten notes, which identify an individual herein referred to as “Niles Customer K.” The handwritten note continues “[Niles Customer K] to get approval from Village. ?Have Julie call [an identified individual]

chance to write new coverage. ‘We’ would like to show our appreciation to the Mayor for the [illegible] extended 2 favors.”

Niles Customer L

- l. A document dated April 14, 2004, and titled “Notes on [a Niles business identified herein as Niles Customer L – Identified Individual]. The document bears a dictation abbreviation “RW/lem,” and states “[a second identified individual] approached me to see if I can get the Mayor to let [Niles Customer L] keep their operation where they are now located. Also, maybe it would be possible to build out some space at [an identified] Mall where they can put the wholesale baking portion of their business, since they can’t keep it where they are now located because their volume is 80% and should be only 50% according to Village regulations. Ask Blase if he will let [identified individual] use the corner, which comprises about an acre and a quarter, to build a spot for the wholesale baking. If Blase won’t allow this, maybe we can get him to allow [a third identified individual] to put in a [an identified business] at [identified] Mall in this same spot.” Beneath the typewritten portion, there is a handwritten note, which reads “4/14 met with N.”
- m. Found with the above document was a page of handwritten notes referring to Niles Customer L and two other Niles-based businesses. As to Niles Customer L, the note reads “Mayor want us to stay away because looking to move location due to parking restriction – RW call the Mayor.”

Niles Public Library

50. Also recovered in the search of RWA offices on June 6, 2006, was a folder titled "SMP monthly statements." Among other documents, there are three sets of statements dated on or about August 8, 2003, August 17, 2004, and August 5, 2005. Each set of statements contains approximately four to six documents, including one of each of the following: (1) check voucher, (2) reports titled "Commission Payable Statements," and (3) a copy of the Commission Statement received by CW3, as described in paragraph 33 above.

51. In the description line on the check voucher dated August 8, 2005, it states "Pay SMP %%/ Niles Public Library" and an amount of \$1,050. In the description line on the check voucher dated August 17, 2004, it states "Pay SMP %% For Niles Publ Library" and an amount of \$550. In the description line on the check voucher dated August 8, 2003, it states "Pay SMP %% For Niles Pub Libr" and an amount of \$550.

52. On the Commission Statements provided to CW3, however, the "Insured Name" for the \$1,050 and \$550 amounts is not listed as Niles Public Library, but instead is listed as "4 Doves."

53. Also recovered in the search at RWA was a memorandum dated May 30, 1996, to Ralph Weiner from Individual D, the former bookkeeper of RWA, which states "In addition, I wish to remind you that the Niles Library is coded under 4 Doves Restaurant."

Interview of Nicholas Blase

54. On June 6, 2006, Special Agents with the FBI interviewed Nicholas Blase at the Blase Law Offices. Blase stated words to the effect that he has recommended people to obtain their insurance from Weiner because Weiner is very good. Blase claimed that he has no financial interest in RWA, and that he never received any commissions or kickbacks from Ralph Weiner or RWA.

When asked if he knew of SMP, Blase claimed that people who use space in his law office have helped sell insurance for SMP. When asked to identify who those people were, Blase refused and stated that this was as far as he wanted to go with the interview.

Conclusion

55. Based on the foregoing, I believe probable cause exists to believe that Village of Niles Mayor Nicholas Blase, Ralph Weiner, Steve Weiner, RWA and others devised, intended to devise and participated in a scheme to defraud the Village of Niles of money, property, and the intangible right to the honest services of defendant BLASE, by means of materially false and fraudulent pretenses, representations, promises and material omissions, and in furtherance thereof, caused the United States mail to be used on or about December 16, 2005.

Further affiant sayeth not.

Ralph Renno
Special Agent
Federal Bureau of Investigation

Subscribed and sworn before me
this ___ day of June, 2006

Hon. Michael T. Mason
United States Magistrate Judge